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Mr. Chairman, and Members of the Subcommittee, I appreciate the opportunity to come before you today to testify about the Diesel Emissions Reduction Act (S. 1265) and the diesel emission reduction activities of the Administration.

As the Regional Administrator for Region 9 of EPA, I am responsible for protecting public health and the environment in Arizona, California, Nevada, Hawaii, the Pacific Islands and 147 federally recognized tribes in the Pacific Southwest. I am pleased to be here representing my colleagues at EPA to convey that reducing diesel emissions is one of our top priorities. In my tenure as Regional Administrator, I have focused a great deal of my personal energy on this topic. By working together with the states and other partners, we are successfully piloting a comprehensive program on the West Coast to reduce these harmful emissions. My experience has shown me that there are endless prospects across the nation to reduce diesel exhaust. I welcome the opportunity to share my experience and to highlight the diesel program activities that the Agency has fostered.

Emissions from older diesel engines pose a significant risk to our nation's health as they contain more tiny particles called "fine particulate matter." Of the many air pollutants regulated by EPA, fine particle pollution is one of the greatest threats to public health and a significant challenge for the Agency. Studies in the peer-reviewed literature

have found that these microscopic particles can reach the deepest regions of the lungs. Exposure to fine particles is associated with premature death, as well as asthma attacks, chronic bronchitis, decreased lung function, and respiratory disease. Exposure is also associated with aggravation of heart and lung disease, leading to increased hospitalizations, emergency room and doctor visits, as well as the continuous use of medications. Addressing these risks is a priority for the Administration. That is why EPA established strong standards for new diesel engines. In addition, the President's FY06 budget request includes $15 million for advanced diesel retrofits through the Clean Diesel Campaign and $10 million for Clean School Bus USA program. Recently, Administrator Johnson said, "New diesel technology holds great promise for improving air quality across the nation." For these reasons, Mr. Chairman, we appreciate your holding this hearing on diesel emissions reduction strategies.

Mr. Chairman, as you know, many areas of the country are designated as nonattainment and do not meet the National Ambient Air Quality Standards (NAAQS). Recently, EPA designated over 400 counties as out of compliance with the 8-hour ozone standard and over 200 counties as out of compliance with the fine particulate matter standard. Diesel exhaust contains both particulate matter and nitrogen oxides (NOx), which contribute to ozone (or smog), and to fine particle pollution. In addition, diesel exhaust is a likely human carcinogen.

As I mentioned, EPA has published stringent regulations for both on-highway engines and off-road engines that will take effect between 2007 and 2014 and will achieve over $150 billion in health benefits when fully implemented in 2030. Diesel engines, however, can last upwards of 20-30 years and EPA's regulations only apply to

new engines and vehicles. There are approximately 11 million engines in today's fleet that continue to emit high levels of pollution that can be reduced through the installation of new control technology.

Building on the successes of EPA's regulatory and past voluntary efforts to reduce emissions from diesel engines, EPA has created the National Clean Diesel Campaign to aggressively reduce diesel exhaust across the country through various control strategies and the active involvement of national, state and local partners. In addition to implementing our current and proposed stringent mobile source regulations for new engines, the National Clean Diesel Campaign also supports voluntary emissions reductions from the existing fleet of mobile engines. Voluntary emissions reductions are one of the most cost-effective strategies to address diesel exhaust from the existing fleet. Retrofit programs that include cleaner fuel use, add-on control technology, engine replacement, and idle reduction can provide a health benefit to cost ratio of up to 13 to 1. I am also pleased to say that we will be issuing guidance to states on how to calculate the emissions benefits from diesel retrofit programs so that they can use the credits for their State Implementation Plans (SIPs).

Over the last five years, EPA has brought forward a number of very successful voluntary programs all designed to reduce emissions from the diesel fleet. In conjunction with state and local governments, public interest groups, environmental organizations and industry partners, EPA has established a goal of reducing emissions from the over 11 million diesel engines in the existing fleet over the next ten years.

EPA's Voluntary Diesel Retrofit and SmartWay Transport Partnership Programs have established several hundred projects that involve cleaner diesel, idle reduction and

other environmental control strategies across the country, achieving emissions reductions now that will yield benefits for years to come. Many states, well ahead of EPA's requirements, are using ultra-low sulfur diesel fuel that reduces harmful particulate matter emissions and enables the use of add-on control technology. These projects are serving as examples of innovative, cost-effective models for diesel emissions reduction. In total, hundreds of partners nationwide are successfully implementing cleaner diesel projects, resulting in a foundation for the Agency's efforts to reduce diesel pollution and protect human health and the environment. In addition, to help our stakeholder communities identify viable retrofit technologies, the Agency has established a technology verification program that serves a testing and evaluation function for new, innovative emissions reductions technologies poised to enter the market.

When we launched the National Clean Diesel Campaign in 2005, we analyzed the in-use fleet and determined general sectors, specifically ports, freight, construction and agricultural, as the best opportunity to obtain significant emission reductions. This sector-based strategy has helped us target our resources. In addition, we identified school buses as a top priority because children are especially at risk from air pollution as they breathe 50 percent more air per pound of body weight than adults. Recurrent childhood respiratory illness is a risk factor for increased susceptibility to lung disease later in life.

A critical part of the National Clean Diesel Campaign is the work being done at the state and local level. Several of EPA's regions have initiated collaborative efforts to address these emissions locally. For example, in the West, EPA's Regions 9 and 10 spearheaded the West Coast Collaborative, an ambitious public-private partnership that brings together leaders from federal, state and local government, the private sector and

environmental groups in California, Arizona, Oregon, Idaho and Washington, Alaska, Canada and Mexico committed to reducing diesel emissions along the West Coast. In FY05, the Collaborative will implement 16 projects totaling over $1.3 million in EPA funds and over $5.6 million in matching funds from Collaborative partners to retrofit diesel construction equipment with particulate matter traps, develop a biodiesel additive that reduces NOx and implement a liquefied natural gas powered locomotive system that services the nation's two biggest ports in Los Angeles and Long Beach, to name a few.

In addition, the Midwest Clean Diesel Initiative, the Northeast Diesel Collaborative and the Mid-Atlantic Diesel Collaborative have all initiated efforts to reduce diesel emissions in their respective areas of the country. These initiatives have convened stakeholders meetings and educational workshops and have implemented significant collaborative diesel emissions reductions projects.

Over the last few years, we have held several grant competitions that provide funding assistance to a variety of stakeholders interested in reducing diesel emissions. Support for these voluntary programs has been overwhelming. Grant solicitations are met by demand ten times greater than available resources and winning grant programs have leveraged an average of two to four times additional resources. For example, the West Coast Collaborative requests for proposals for $1.3 million attracted almost $14 million in funding requests and finalists leveraged over $4 for every federal dollar granted.

We know states such as California, with the Carl Moyer Program, and Texas, with the Texas Emission Reduction Plan (TERP), can be creative and are quite effective in providing funding opportunities for reducing diesel emissions. In addition, the State of

Washington has set aside funding to reduce emissions from its school bus fleet over the next several years. Finally, Mr. Chairman, I know you're aware of this but perhaps others are not: the Mid-Ohio Regional Planning Commission (MORPC) has formed a diesel emissions subcommittee with representatives from industry, environmental organizations, state and local government, and a host of other stakeholders that are looking into innovative ways to provide funding to reduce diesel emissions. Needless to say, the topic of reducing emissions from the existing diesel fleet is at the forefront of mobile source environmental control discussions.

From these various programs, we have learned some important lessons. Lack of capital can be an obstacle to implementing diesel emission reductions activities, especially for small businesses. EPA has found that federal oversight will help target projects that are cost-effective, are located in areas with air quality needs and maximize public health benefits, among a host of other factors. We have also found that state utilization of matching funds acts as an incentive to maximize diesel emission reductions.

Mr. Chairman, reducing emissions from older diesel engines is one of the most important air quality challenges facing the country. Even with more stringent heavy-duty engine standards set to take effect over the next decade, over the next twenty years millions of older diesel engines will continue to emit large amounts of pollution which contributes to serious public health problems. In addition, cost-effective technologies exist today and cleaner fuels are being deployed throughout the country. As I mentioned earlier, there is broad stakeholder support for reducing diesel emissions. Although the Administration supports efforts to reduce emissions from both new and existing diesel engines, we are concerned that the funding authorized in this legislation goes well beyond

the funding for such efforts called for in the President's 2006 budget. Like similar authorizations that go well beyond the President's budget, we cannot support the authorization levels in this bill as they could create pressure to appropriate those levels in the future. However, we look forward to working with you to address the public health goals of the legislation consistent with the fiscal constraints that we all must confront.

I want to thank you, Mr. Chairman, and your colleagues for your leadership on this important issue. This concludes my prepared statement. I would be happy to answer any questions that you may have.